

# FISCAL NOTE

**Bill #:** SB0320

**Title:** Revise local government laws concerning tax increment base value

**Primary Sponsor:** Tester, J

**Status:** Second House Second Reading

|                   |      |                                 |      |
|-------------------|------|---------------------------------|------|
| Sponsor signature | Date | Chuck Swysgood, Budget Director | Date |
|-------------------|------|---------------------------------|------|

## Fiscal Summary

### **FY 2004 Difference**

### **FY 2005 Difference**

#### **Revenue:**

General Fund

(\$1,425)

(\$1,425)

#### **Net Impact on General Fund Balance:**

(\$1,425)

(\$1,425)

- |   |  |
|---|--|
| <input type="checkbox"/> Significant Local Gov. Impact    | <input type="checkbox"/> Technical Concerns            |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached  | <input type="checkbox"/> Needs to be included in HB 2  |

## Fiscal Analysis

### ASSUMPTIONS:

1. The proposal will allow tax increment financing (TIF) districts, for which bonds are not issued, to adjust the base taxable value. Current law allows for the base taxable value to be adjusted if bonds have been issued. The proposal will impact TIF districts that were created on or after January 1, 1998, and before July 1, 2001.
2. There is one TIF district (downtown Fort Benton) that was created after January 1, 1998, and before July 1, 2001, that has not issued bonds.
3. For the purposes of this fiscal note it will be assumed that the base taxable value of the TIF district will be lowered by \$15,000. Reducing the base taxable value will increase the incremental taxable value by \$15,000.
4. A reduction of \$15,000 in the base taxable value will result in a reduction of \$1,425 (\$15,000 x .095) in state general fund in FY2004 and FY2005.

### EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

If the base taxable value were reduced by \$15,000, the proposal would result in approximately \$8,000 in revenue for the TIF district. This \$8,000 is property tax revenue that, under current law, would go to local governments and local schools. Local governments and local schools could make up the share of their loss by slightly increasing mill levies. The general fund of the local school districts may see a very slight increase in GTB money.